

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: April 11, 2007 **Bill Number:** H.B. 3659

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Committee Requesting Impact: House Ways & Means Committee

Bill Summary

A bill to amend Section 12-33-245, as amended, of the Code of Laws of South Carolina, 1976, relating to the excise tax on alcoholic liquors for on-premises consumption, so as to require that a state agency or local entity that does not receive the same amount of revenue from the excise tax as it did from the minibottle tax in fiscal year 2004-2005, it is to receive the difference from the general fund within thirty days after the close of each quarter in a calendar year.

REVENUE IMPACT ^{1/}

This bill is expected to reduce General Fund alcoholic liquor revenue by an estimated \$18,000 in FY2007-08.

Explanation of Amendment (April 10, 2007) – By the Sales and Income Taxes Subcommittee

This amendment would change the effective date of the legislation from “July 1, 2007” to “upon the signature of the Governor”.

Explanation of Bill filed March 7, 2007

This bill amends Section 12-33-245 as added by Act 139 of 2005, the liquor-by-the-drink excise tax bill, to update the fiscal year reference dates from fiscal year “2003-04” to fiscal year “2004-05” to ensure that those state agencies, local entities, and counties that received minibottle tax revenue from the old twenty-five cent tax per minibottle receive the same amount of revenue from the new five cent excise tax per drink from the new free pour method of dispensing alcohol. Based upon data on the distribution of minibottle revenue allocated by the South Carolina State Treasurer’s Office, changing the fiscal year reference date from FY2003-04 to FY2004-05 would reduce General Fund alcoholic liquor revenue by an estimated \$18,000 in FY2007-08. This bill would also require that state agencies and local entities that do not receive the same amount of revenue from minibottle taxes have the difference payable from the general fund within “thirty days after the close of each quarter in a calendar year”, instead of within “sixty days after the close of each fiscal year”. This provision would accelerate the distribution of the alcohol excise tax revenue to local entities and counties from an annual basis to a quarterly distribution.

/s/ WILLIAM C. GILLESPIE, PH.D.

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^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.